

Message Text

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43

ACTION NEA-12

INFO OCT-01 AF-10 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10

L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 AID-20 DRC-01 NEAE-00 /118 W

----- 077925

P R 261537Z APR 74

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC PRIORITY 6387

INFO AMEMBASSY AMMAN

AMEMBASSY ABU DHABI

USINT ALGIERS

AMEMBASSY BEIRUT

USINT DAMASCUS

AMEMBASSY JIDDA

AMEMBASSY KHARTOUM

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

AMEMBASSY RABAT

AMEMBASSY SANAA

AMEMBASSY TRIPOLI

AMEMBASSY TUNIS

C O N F I D E N T I A L CAIRO 2642

BEIRUT PASS BAGHDAD

E.O. 11652: GDS

TAGS: PGOV EG

SUBJ: NEW CABINET IN EGYPT

REF: CAIRO 2623

1. BEGIN SUMMARY: NEW EGYPTIAN CABINET DIFFERS
LITTLE FORM OLD ON ITS SURFACE BUT PROVIDES
"ECONOMIC FACE" THAT SADAT IS KNOWN TO WANT TO
PROJECT AT HOME AND ABROAD WITHOUT APPEARING TO
ABANDON ARAB-ISRAELI CONFRONTATION. END SUMMARY.
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2. SADAT'S LONG EXPECTED CABINET RESHUFFLE HAS FINALLY TAKEN PLACE. IT CONTAINS NO MAJOR SURPRISE AND CAN HARDLY BE CHARACTERIZED AS ANY RADICAL REVAMPING AS SOME HAD HOPED MIGHT BE THE CASE. IT IS LARGELY A REHASH OF THE OLD CABINET WITH A FEW PORFOLIO SHIFTS AND A SPRINKLING OF NEW FACES TO GARNISH WHAT REMAINS AN UNWIELDY GOVERNMENTAL STRUCTURE. CLEARLY IT IS A CABINET OF COMPROMISES WHICH SADAT, AFATER FLOATING VARIOUS TRIAL BALLOON FORMULAE, DECIDED UPON AS BEST SUITED FOR HIS CURRENT NEEDS.

3. FOR MONTHS SADAT HAS BEEN ENGAGED IN SHIFTING THE THRUST OF THE "JULY 23 REVOLUTION" TOWARDS MORE /LIBERAL" GOALS AND METHODS. THIS HAS INCLUDED A DESIRE TO PROJECT AN ECONOMIC "FACE" AT HOME AND ABROAD IN ORDER TO ENCOURAGE FOREIGN INVESTMENT. AT THE SAME TIME SADAT, AWARE THAT HE HAS BEEN CHARGED BY SOME WITH ABANDONMENT OF THE ARAB-ISRAELI CAUSE, HAS HAD TO MAINTAIN THE CREDIBILITY OF THE CONFRONTATION. HE HAS DONE SO BY RETAINING HIS OWN POST AS PRIME MINISTER(A CARRYOVER FROM HIS "CONFRONTATION CABINET" OF LAST YEAR), AND RETAINING AND ELEVATING MINISTER OF WAR ISMAIL TO A DEPUTY PRIME MINISTER'S POSITION. SAME TIME BY GIVING HEGAZI DEPUTY MINISTERIAL PRE-EMINENCE BY DECREE, HE ACHIEVES HIS PARRALLEL DESIRE OF EMPHASIZING ECONOMIC SECTOR.

4. DESPITE EARLIER REPORTS THAT HE MIGHT RESTRUCTURE THE UNWIELDLY EGYPTAN CABINET BY SHARPLY REDUCING THE NUMBER OF MINISTRIES, SADAT FAILED TO DO SO. WE SUSPECT THE TASK OF SUCH WHOLESAL REORGANIZATION, AFFECTING AS IT WOLD DEEPLY ENTRENCHED BUREAUCRACY VESTED INTERESTS, WAS MORE THAN HE WAS WILLING TO TACKLE AT THIS JUNCTURE. THUS, HEGAZI AS PUTATIVE ECONOMIC CZAR, MUST STILL COPE WITH A STRUCTURE NOTORIOUS FOR SLUGGISHNESS AND UNRESPONSIVENESS. IN HIS PREVIOUS POSITON AS DEPUTY PRIME MINISTER CHARGED WITH ECONOMICS AND FINANCE, HEGAZI ALREADY HAD MORE RESPONSIBILITY THAN HE HAD AUTHORITY. HIS SPAN OF

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NOMINAL CONTROL HAS NOW BEEN BORADENED EVEN MORE AND IT IS UNCERTAIN THAT HE CAN EFFECTIVELY COPE WITH IT.

5. AS MUST BE EXPECTED, NEW CABINET HAS CAUSED MANY DISAPPOINTMENTS. THERE ARE THOSE, LIKE FORMER DEPUTY PRIME MINISTER MUHAMMAD ABD AL-QADIR HATEM, WHO HAVE IN EFFECT BEEN SHELVED OR RELEGATED TO

INSIGNIFICANT POSITIONS. AND THERE ARE THOSE WHO HAD HOPED FOR CABINET DESIGNATIONS BUT DID NOT GET THEM AND MUST NOW BE CONTENT WITH LESSER CRUMBS. MINISTER OF CIVIL AVIATION AHMED NUH, WHOSE INCOMPETENCES WAS NOTORIOUS, IS SACKED. IT HAS BEEN SUGGESTED THAT FAHMY HOPED TO BE NAMED ONE OF DEPUTY PRIME MINISTERS BUT HE MERELY RETAINS FOREIGN MINISTER PORTFOLIO. THIS SHOULD NOT, HOWEVER, BE CONSTRUED AS NAY REFLECTION ON FAHMY WHO, SO FAR AS WE CAN DETERMINE, REMAINS ONE OF SADAT'S CLOSEST NATIONAL SECURITY COUNSELORS.

6. A FEW NEW FACES ARE PROMISING. KAMAL ABDUL MEGD WHO TAKES OVER MININFO PORTFOLIO FROM HATEM, IS RELATIVELY YOUNG AND COMPETENT(HE WAS TUTORED BY GHORBAL) AND SHOULD BE A VAST IMPROVEMENT OVER HIS PREDECESSOR. IBRAHIM NEGUIB, A COPT, RETURNS TO A POSITIONS HE HAD PREVIOUSLY HELD AS MINISTER OF TOURISM WHICH HAD BEEN VACANT FOR SOMETIME. LATTER IS A POTENTIALLY VIAL POST, SINCE TOURISM IS ONE OF EGYPT'S PRINCIPAL SOURCES OF HARD CURRENCY INCOME. NEGUIB, WHO PRIOR TO OCTOBER WAR HAD PUBLICLY CRITICIZED SHORTCOMING OF MINISTRY OF CIVIAL AVIATION IS ALSO ENTRUSTED WITH THIS POTNETIALLY IMPORTANT POST. AS POART OF RECENT EGYPTIAN-SUDANESE RAPPROCHEMENT A MINISTRY OF SUDANESE AFFAIRS WAS CREATED TO WHICH DR. OSMAN DADRAN HAS BEEN NAMED. THIS SHOULD THEORETICALLY FACILITATE THE OBJECTIVE OF ACCELERATING EGYPTIAN-SUDANESE COOPERATION, THOUGH SPECIFICS IN THIS REGARD WILL STILL DEPEND UPON INDIVIDUAL MINISTRIES.

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7. CABINET CHANGES, SUCH AS THEY ARE, APPEAR UNRELATED TO EITHER CURRENT STRAIN IN EGYPTIAN-SOVIET RELATIONS OR, INVERSELY, TO IMPROVED EGYPTIAN-US RELATION. HEGAZI, OF COURSE, WHO HAS BEEN FRONT RUNNER FOR TOP JOB AND WAS FOR A TIME EVEN MOOTED AS PRIME MINISTER, IS A PROPONENT OF THE PRIVATE SECTOR OF ECONOMY. THIS, SADAT DOUBTLESS HOPES, WILL PLEASE POTNEITAL AMERICAN AND WESTERN INVESTORS.

8. HAVING SAID THE AVOE, THERE IS LITTLE CONVINCING REASON WHY CABINET SHOULD HAVE BEEN CHANGED AT THIS TIME. SADAT HIMSELF HAS STATED THAT HE WAS ON THE VERGE OF CHANGING IT LAST JANUARY, BUT EVENTS INTERVENED. THE PRESENT SHIFT SUGGESTS THAT THESE EVENTS HAVE BEEN PASSED BY, BUT THERE IS

LITTLE TO INDICATE WHAT THEY WERE, OR WHY THEY
OCCURRED. ONE ALMOST GETS THE IMPRESSION THAT HE FINALLY WANTED
TO GET LONG PROMISED CABINET CHANGE OUT OF THEY WAY.

9. OTHER CHANGES IN GOVERNMENT APPARATUS, INCLUDING
ASU, ASSEMBLY, GOVERNORATES AND THE PRESS MAY
FOLLOW.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CABINET, GOVERNMENT REFORM, PERSONNEL APPOINTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974CAIRO02642
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740099-0886
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740412/aaaaakbd.tel
Line Count: 177
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: CAIRO 2623
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 13 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13-Aug-2002 by shawdg>; APPROVED <13 FEB 2003 by GolinoFR>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NEW CABINET IN EGYPT
TAGS: PGOV, EG
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005